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FM AMEMBASSY TOKYO
TO RUEHC/SECSTATE WASHDC PRIORITY 7748
RUEKJCS/SECDEF WASHDC PRIORITY
RUCPDOG/USDOC WASHDC PRIORITY
RUEATRS/DEPT OF TREASURY WASHINGTON DC PRIORITY
RUYNAAAC/COMNAVFORJAPAN YOKOSUKA JA PRIORITY
RHHMUNA/HQ USPACOM HONOLULU HI PRIORITY
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RHMFIUU/HQ PACAF HICKAM AFB HI//CC/PA// PRIORITY
RUHBANB/OKINAWA FLD OFC US FORCES JAPAN CP BUTLER JA PRIORITY
RHMFIUU/USFJ PRIORITY
INFO RUEHFK/AMCONSUL FUKUOKA 0237
RUEHNH/AMCONSUL NAHA 2593
RUEHNAG/AMCONSUL NAGOYA 8317
RUEHKS0/AMCONSUL SAPPORO 0813
RUEHOK/AMCONSUL OSAKA KOBE 3982
RUEHBJ/AMEMBASSY BEIJING 5702
RUEHMO/AMEMBASSY MOSCOW 2557
RUEHUL/AMEMBASSY SEOUL 1697
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CP BUTLER OKINAWA FOR AREA FIELD OFFICE;
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E.O. 12958: N/A

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SUBJECT: TOKYO MEDIA REACTION - GLOBAL ECONOMY

11. LEAD STORIES: All Tuesday morning papers led with the plunge in New York of the Dow below 10,000 for the first time in four years during Monday's trading.

12. "Fear of Free Fall Looming" The liberal Asahi's New York correspondent wrote on the plunge in the Dow during Monday's trading (10/7): "The ongoing financial turmoil in the U.S. is reverberating across the globe like a tsunami.... No prospect is in sight of finding an end to the financial crisis, which lies at the core of market anxiety. While the enactment of the financial bailout legislation was regarded as a step forward, its effectiveness is still being questioned."

13. "Coordinated Actions Must Be Taken Expeditiously" The liberal Tokyo Shimbun editorialized (10/7): "The EU is noted for policy coordination. However, it failed to iron out measures to rescue banks because there was no consensus among member states on the roles respective governments should play in dealing with a crisis.... Continued disarray among major economies would prompt 'capital flight' out of weak institutions. The G7 is scheduled to hold a financial ministers' and central bank governors' meeting shortly to cope with the mounting crisis. As the market is filled with doubts and anxiety and as banks are experiencing a freeze in lending among themselves, the participants must come up with a consensus on what they can and should do."

SCHIEFFER